

Message Text

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ACTION ARA-06

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FM AMEMBASSY KINGSTON

TO SECSTATE WASHDC 1082

C O N F I D E N T I A L KINGSTON 2001

LIMDIS

E.O. 11652: GDS

TAGS: EMIN, PFOR, JM

SUBJECT: BAUXITE DEVELOPMENTS - REVERE

1. AL MOLOWA OF REVERE VISITED EMBASSY MAY 13 TO SEE ME, HE AND PRES. COLLINS WERE IN KINGSTON IN CONNECTION WITH LEVY LAW SUIT AGAINST GOJ, WHICH STARTS MAY 25. HE AND COLLINS WILL BE RETURNING MAY 27 TO TESTIFY.

2. NEITHER HE NOR COLLINS PLANNED ANY MEETINGS WITH BAUXITE COMMISSION. OFFER BY GOJ OF \$15 MILLION FOR PLANT REMAINED ENTIRELY UNSATISFACTORY. COLLINS HAD SENT LETTER TO MEYER MATALON SUGGESTING THAT WHEN HE CAME TO NEW YORK MAY 18 TO ADDRESS U.S. -JAMAICAN CHAMBER OF COMMERCE, OF WHICH COLLINS IS PRESIDENT THIS YEAR, IT MIGHT BE A GOOD TIME TO TALK FURTHER. NO ANSWER HAD BEEN RECEIVED FROM MATALON.

3. MOLOWA FELT REVERE WAS IN A STRONG POSITION IN UPCOMING TRIAL AND FELT THAT LANGUAGE REGARDING COMMITMENT OF PRESENT GOVERNMENT ON TAXES IN JAMAICAN SUBMISSION TO SEC IN CONNECTION WITH BOND OFFER IMPROVED THEIR CASE. IF THEY WON IT, THEY WOULD EXPECT REPAYMENT OF THE \$9 MILLION THEY HAD PAID ON LEVY. MOLOWA ASSUMED THE OTHER COMPANIES WOULD EXPECT THE SAME. I POINTED OUT THAT
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THE GOVERNMENT WAS ALREADY VIRTUALLY BROKE, THAT

SUCH PAYMENT WAS VIRTUALLY IMPOSSIBLE OF ENFORCEMENT, AND EXPRESSED THE HOPE THAT A SETTLEMENT COULD BE REACHED TO AVOID EVEN THE POSSIBILITY OF SUCH A SITUATION. MOLOWA WAS NOT SANGUINE ABOUT A SATISFACTORY OFFER BY THE GOJ BUT CLAIMED REVERE WAS STILL OPEN TO DISCUSSION.

4. I ASKED MOLOWA WHETHER HE HAD SEEN SOUTHWIRE REPORT, AND HE SAID GOJ REFUSED TO SHOW IT TO HIM ON GROUNDS REVERE HAD NOT GIVEN THEM THE REPORT OF THEIR PROSPECTIVE JAPANESE PARTNERS. THIS HE SAID WAS UNTRUE; IT HAD BEEN SHOWN TO THEM BEFORE THE REVERE SHUT-DOWN.

5. MOLOWA WAS AWARE OF PROSPECTIVE VISIT OF RICHARD STERN AND JAN WOLF TO KINGSTON. HE SAID THAT HE FELT "THEY WERE UP TO NO GOOD" AND THAT OPIC HAD NO RIGHTS UNDER THE CONTRACT TO SEND THEM, BUT THAT REVERE HAD NEVERTHELESS ACQUIESCED IN THEIR COMING AND HAD AGREED TO ALLOW THEM ACCESS TO THE PLANT.

6. I SUBSEQUENTLY CALLED MEYER MATALON TO ADVISE HIM THAT MOLOWA AND COLLINS WERE IN TOWN AND TO ASK WHETHER HE WANTED TO TALK TO THEM. HE REPLIED IN COLORFUL VERBIAGE THAT HE DID NOT. HE HAD MADE A "SERIOUS PROPOSAL" WITH HIS \$15 MILLION OFFER. IF REVERE THOUGHT THEY COULD GET A BETTER OFFER SOMEWHERE ELSE LET THEM DO SO. MAYBE THEY COULD GET SOUTHWIRE TO BUY, IN WHICH EVENT THE GOJ WOULD GIVE THEM EXCELLENT TREATMENT, TURN OVER THE MINING RIGHTS AND ANYTHING ELSE THEY MIGHT WANT. HE SAID REVERE HAD MADE A "BLOODY MESS OF THINGS" AND THAT THEIR MISMANAGEMENT HAD BEEN CONFIRMED BY OUTSIDE TECHNICAL PEOPLE (PRESUMABLY SOUTHWIRE.) HE HAD BEEN ASKED BY REVERE FOR SOUTHWIRE REPORT BUT WOULD NOT GIVE IT BECAUSE REVERE HAD REFUSED TO SHOW HIM JAPANESE REPORT. I SAID REVERE HAD TOLD ME THEY HAD MADE IT AVAILABLE, AND HE SAID THEY WERE "BLOODY LIARS."

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7. I ASKED MATALON WHETHER HE WAS NOT CONCERNED WITH POSSIBLE REPERCUSSIONS FROM THE LAW SUIT AND THE OPIC CLAIM; HE SAID I HAD PUT HIM UNDER A LOT OF PRESSURE BUT THAT HE COULD NOT IN CONSCIENCE RECOMMEND TO HIS GOVERNMENT A HIGHER FIGURE REGARDLESS OF WHAT THE FALL-OUT MIGHT BE. IF HE WERE DEALING ON A PRIVATE BASIS HE WOULD

TELL REVERE TO "GO STICK THEIR HEADS IN THE SAND."
THE ONLY POSSIBILITY HE COULD SEE WAS SOME SORT OF
FACE-SAVING DEVICE ALONG THE LINES OF WHAT HAD BEEN
SUGGESTED PREVIOUSLY, NAMELY A HIGHER TERM OFFER,
PERHAPS IN THE NEIGHBORHOOD OF \$45 MILLION WHICH
WOULD DISCOUNT TO A PRESENT VALUE OF \$15 MILLION.

8. THIS CONVERSATION WAS REPEATED IN OUTLINE WITH-
OUT SOME OF THE EMBELLISHMENTS TO MOLOWA. HE SEEMED
TO SHOW SOME INTEREST IN THE TERM OFFER IDEA BUT
NOT MUCH.

9. COMMENT: IMPASSE, WITH REVERE STILL FIRMLY
FOCUSED ON THE EXIT MARKED OPIC.
GERARD

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